

National Retirement Planning Week® 2014:

Five Tips for Building Retirement Security

Retirement is a season of life that many working Americans expect to come in due time at the end of their careers. Yet, current conditions challenge this assumption as longer life spans, the cost of health care, changes in employee benefits, and uncertainty with Social Security and Medicare are all contributing to a more complex path to attaining a financially secure retirement. With some planning and diligence, retirement security can still be attained.

Planning for your retirement can seem daunting. If you are not sure where to get started, below are five tips from the National Retirement Planning Coalition to help you begin your path toward a financially secure retirement.

Review your finances, develop a budget and uncover savings.

A first step toward planning for a financially secure retirement includes understanding your current financial state. Review your finances to learn what assets you have and to determine all of your financial commitments. Once you have a grasp on your personal balance sheet, you then can develop a household budget. A host of budgeting tools, worksheets and apps are readily available for free online. Remember that the most important takeaway from budgeting is to ensure that you are not outspending your income. Tracking your expenses in a budget often proves revealing and uncovers additional ways you can save.

Add savings to your retirement accounts.

A great practice to start today is to make regular contributions to your retirement savings accounts. Employer-provided retirement savings plans, such as a 401(k)-style plan, serve as excellent vehicles to save for retirement. These plans are often tax-deferred accounts, meaning your contributions and the investment earnings within are not taxed until you withdraw them. This allows your money to build more quickly. Oftentimes these plans also feature a contribution match from your employer. For example, an employer may match a certain percentage of the money you contribute toward your retirement plan. When you enroll in your workplace plan, you also can have a percentage of your paycheck automatically put into your retirement account. By setting up auto-contributions, you will avoid the urge to spend the money before it can be saved for retirement.

Determine a target retirement age.

Establishing your target retirement age is a significant part of the goal-setting process for your retirement. By determining a target retirement age you will have a goal to work toward and be able to monitor your progress. Once you have your goal retirement age, you also can proceed to answer many other important questions related to your retirement. For instance, at what age do you intend to start collecting Social Security benefits? Collecting Social Security before your full retirement age can permanently reduce the size of your benefit, while delaying benefits can boost your Social Security

income. Thus, the decision will carry significant ramifications for your overall retirement income. Determining your retirement age will allow you to develop a holistic retirement plan, one that can include a strategy for maximizing Social Security benefits.

Calculate your income needs in retirement.

For many people, math was not their favorite subject in school. But calculating your income needs in retirement is still a must, and fortunately, there are many online tools that can help. The Insured Retirement Institute, which leads the National Retirement Planning Coalition, offers a suite of retirement planning calculators available on irionline.org and RetireOnYourTerms.org. The Ballpark E\$timate by the American Savings and Educational Council, another coalition member, is another popular tool that can help you quickly identify how much savings you may need for a comfortable retirement. If you feel uncomfortable with your calculations, consider consulting a financial advisor who will have specialized expertise in helping clients prepare for retirement.

Monitor your progress and update your plan as necessary.

Retirement planning is not a one-time task. Achieving a financially secure retirement requires monitoring your progress and adjusting your plan to meet changing conditions. That includes repeating the above-mentioned tips: consistently reviewing your finances, updating your budget, adding to your savings, and making adjustments as your plans, needs and circumstances change. Keep an eye on your retirement plan, and your diligence will be rewarded with a financially secure retirement.